

WASHINGTON (AP) — In a story March 7 about strong hiring drawing more people into the workforce, The Associated Press erroneously reported that TEKsystems is headquartered in Charlotte, North Carolina. Its headquarters is actually in Hanover, Maryland.

The AP also erroneously reported that half of men outside the workforce in 2013 cited disability or illness and that that figure is now 10 percent. In fact, disability or illness accounted for half the decline in men in the workforce from the start of the Great Recession in late 2007 until 2013 and now accounts for only 10 percent of the decline.

The AP also erroneously reported that one-third of men outside the workforce are in school. In fact, men in school account for one-third of the decline of men in the workforce.

And the AP reported that one-quarter of men outside the workforce are taking care of family members. In fact, this group accounts for one-quarter of the decline in men working since the recession.

A corrected version of the story is below:

A hot US job market is coaxing people in from the sidelines

Defying expectations, a hot US job market is pulling in workers from the sidelines

By CHRISTOPHER RUGABER

AP Economics Writer

WASHINGTON (AP) — A surprisingly strong burst of job growth over the past year has led many economists to wonder: Where are all the workers coming from?

As recently as last spring, analysts had worried that hiring would slow as the pool of unemployed shrank. Many employers have complained for years that they could no longer find enough people to fill their open jobs.

Turns out they were both wrong.

The pace of hiring in 2018 was the most robust in three years, and for a surprising reason: Many more people have decided to look for work than experts had expected. The influx of those job seekers, if sustained, could help extend an economic expansion that is already the second-longest on record.

The growth in America's workforce — made up of people either working or looking for work — has helped reverse an alarming consequence of the recession: The exit of millions of Americans from the job market.

For five years after the Great Recession ended in 2009, many Americans gave up on their job hunts. Some suffered from disabilities. Others enrolled in school or stayed home to raise children. Still others were stymied by criminal pasts or failed drug tests. Some just felt discouraged by their job prospects. Because they weren't actively seeking work, they weren't even counted as unemployed.

Economists had speculated that millions of these people lacked necessary qualifications or were otherwise deemed undesirable by employers and might not work again. They were thought to be, in economic parlance, "structurally" unemployed. Subsequent hiring wouldn't necessarily help them.

Yet for the past few years it has. The proportion of Americans ages 25 to 54 who have a job has reached nearly 80 percent — the same as before the recession. Economists refer to this age group as "prime-age" workers. It excludes older Americans who have retired and younger workers who may be in school.

"The U.S. is a very diverse and dynamic economy and can often surprise us," said Julia Coronado, chief economist at MacroPolicy Perspectives. "This is a positive surprise. We're due for one."

On Friday, the government will report on job growth during February, and analysts are forecasting a solid if unspectacular gain of 183,000. That would fall below last year's monthly average of 220,000 but would still be enough to lower the unemployment rate, now 4 percent, over time.

Research released Thursday by Stephanie Aaronson, an economist at the Brookings Institution, and three other economists found that racial minorities and people with less than a college degree tend to benefit most from strong job growth when the unemployment rate is already low.

That it took nearly a decade for the proportion of prime-age Americans who have jobs to reach its pre-recession level shows just how ruinous the Great Recession was. It destroyed 8.7 million jobs. And the recovery that followed was comparatively sluggish.

Still, the unemployment fell steadily, from 10 percent to 4.1 percent at the start of 2018. With so few people unemployed, businesses have increasingly begun recruiting more widely, including among people who hadn't been looking for work.

"Economists were too quick to discount what the economy was capable of going forward," said Martha Gimbel, research director at job listings site Indeed. "There continues to be more room to draw people into the labor force and get them a job."

Other factors that have held some people back from seeking work have included the high cost of child care and a lack of paid leave. Research suggests that such costs have held back the workforce participation rate of prime-age U.S. women, a rate that trails those in most other industrialized countries.

Child care costs delayed the return of Valarie Regas of Atlanta to the job market after she gave birth to her second child in 2012. Regas wanted to go back, but most of the jobs she found didn't pay enough to cover child care. So she remained mostly out of the job market for five more years.

After completing a coding boot camp, Regas was hired last year by a division of the European aerospace giant Airbus. The company initially wanted someone with more experience, she said. But after she pitched them on her enthusiasm and willingness to learn, she was hired as a software programmer.

"Even with the exorbitant cost of child care, I am now bringing home real money," said Regas, 36.

Many companies are relaxing their education or experience requirements, according to economists and staffing agencies. They are considering more applicants with disabilities. Businesses are expanding their training programs. Some, analysts say, are also looking with a more open mind at people with criminal backgrounds.

Partly as a result, the number of people who either have a job or are looking for one grew 1.6 percent in 2018, sharply higher than the average annual gain of 0.4 percent in the first five years after the recession.

The rebound has confounded many experts' projections. The Federal Reserve has consistently underestimated the likelihood of more people finding jobs. In 2013, its policymakers estimated that "full employment" — the lowest point to which unemployment was thought capable of reaching without sparking higher inflation — would arrive when the unemployment rate was between 5.2 percent and 5.8 percent.

Unemployment is now 4 percent, with little inflation in sight.

And in 2014, the Congressional Budget Office forecast that the proportion of people ages 16 and up either working or looking for work — often called the participation rate — would be just 62.5 percent by the end of 2017 and would decline thereafter. Instead, the figure reached 63.2 percent in January, a five-year high.

Though the participation rate remains below its 2000 peak of 67.3 percent, most of the decline has resulted from aging, economists say. The huge baby boomer generation is retiring en masse.

"We have learned this year that there's more slack in the labor market because people are coming back in," Fed Chairman Jerome Powell told Congress last week.

The influx of people, Powell acknowledged last year, had come as a "surprise."

"That tells us that there is more room to grow, and that certainly has implications for monetary policy," he added.

If more Americans are available to work, it means companies won't necessarily have to raise pay so fast to hire people, a trend that helps limit inflation. Milder inflation allows the Fed to keep short-term rates comparatively low.

Average pay is still growing more slowly than it did the last time unemployment was this low. Adam Ozimek, an economist at Moody's Analytics, says this suggests that there is still room for companies to raise pay and perhaps entice even more people into the job market.

Women, it turns out, have returned to the workforce in greater numbers than men have. The proportion of prime-age women in the labor force is now higher than before the recession. And for women ages 25 through 34, participation is at an 18-year peak. The participation rate for prime-age African-American women also exceeds its pre-recession level.

By contrast, prime-age men still lag behind their pre-recession level of participation. But Ernie Tedeschi, an economist at Evercore ISI, says the reasons aren't as discouraging as they were five years ago.

In 2013, disability or illness accounted for nearly half the decline in prime-age men in the workforce since the recession, according to data compiled by the [Federal Reserve Bank of Atlanta](#).

But unemployment among the disabled fell last year to its lowest point in a decade. The government has also made it harder to obtain Social Security disability benefits. Now, disability or illness accounts for less than 10 percent of the shortfall.

And men returning to school now account for about a third of the decline in prime-age men in the workforce. Family responsibilities, mostly the raising of children, make up about a quarter.

As they assess a broader pool of job applicants, some companies are doing more to develop skills. Goodwill Industries has experienced soaring demand for its training programs, which seek to turn people with low skills or criminal backgrounds into job-ready applicants. Goodwill teaches such traditional skills as welding as well as so-called soft skills, which include getting along with workers and taking direction.

Jennifer Taylor, a vice president of Career Services at Goodwill of North Georgia, says companies are so hungry for workers that in some cases they hire people before they even finish their training. The Atlanta-based Goodwill placed 24,902 people in jobs last year, Taylor said, three times as many as it did five years ago.

"We are seeing vastly more employers that may not have used Goodwill in the past and that are significantly increasing their hiring on the spot," Taylor said. "They're struggling to find talent in the open marketplace."

A survey by Manpower found that 54 percent of employers invested in training programs in 2018, up from just 20 percent four years earlier. One-third said they're adjusting their education and experience requirements, with some no longer requiring a college degree.

Ricardo Madan of TEKsystems, a provider of IT services, says his company is willing to train more of its new hires, rather than just finding already-qualified workers. Last year, the Hanover, Md.-based company paid for a three-month boot camp for 25 potential employees run by Trilogy Education, a training company, and Southern Methodist University in Dallas.

It ended up hiring 19 of them.

"We weren't thinking this way five years ago," he said. "It's never been this hard to find people."